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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/559,320	04/27/2000	Daniel J. McCabe	10449-003	1932

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EXAMINER	
FELTEN, DANIEL S	

ART UNIT	PAPER NUMBER
3624	

DATE MAILED: 06/28/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/559,320	MCCABE ET AL.	
	Examiner	Art Unit	
	Daniel S Felten	3624	MW

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☐ Responsive to communication(s) filed on *06 February 2004*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1 and 4-24* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1 and 4-24* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

1. Receipt of the Request for Reconsideration filed Febuary 11, 2004 is acknowledged.

Withdrawal of Finality

2. In consideration of the arguments presented, the Finality of the January 20, 2004 is withdrawn. Claim Rejections and additional arguments are presented below to comply with applicant's request for clarification of the status of claims 7-9 and 11-14 as well as other issues.

1. Claims 1, and 4-24 are pending in the application and are presented to be examined upon their.

Response to Arguments

2. The rejection(s) presented below have been reinterpreted as to what the Examiner believes is a more accurate reading of Lau on applicant's claims.

Claim Rejections - 35 USC 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

1. Claims 1, 4, 6-9, 11-14 and 16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lau et al, "Trading of NASDAQ Stocks on the Chicago Stock Exchange", The Journal of Financial Research, Vol. XIX, No. 4, pages 579-584 (Winter 1996) (hereinafter "Lau") in view of O'Shaughnessy (US 5,978,778).

Re claims 1, 6, 11-14 and 16:

Lau discloses a method for facilitating an exchange in ownership and a first financial instrument and/ or plurality of instruments representing ownership interest in a first portfolio (see Lau Abstract, NASDAQ/CSE stocks), the first portfolio comprising units of an integer number M (Where M is equivalent to NASDAQ/CSE stocks) different securities selected from NASDAQ (Where NASDAQ is an equivalent to the number of securities that reside in N, see Lau Abstract, *Data and Methodology*), NASDAQ comprising units of a integer number N different securities, N>M, with the M different securities being a subset of N different securities (see Lau Abstract and Introduction),

wherein the first financial instrument (*having securities M within the NASDAQ/CSE portfolio*), and a second financial instrument representing an ownership interest in the (having securities *within the NASDAQ*), are traded on a securities market (see Lau),

wherein all of the M different securities in the first portfolio are traded on a first securities market (CSE), and none of the other N-M (All of NASDAQ Securities minus NASDAQ/CSE securities) different securities are traded on the first securities market (see Lau abstract and Introduction). Lau compares M (NASDAQ/CSE) securities with N-M securites. We know that NASDAQ consists of N and M securities since M is a subset of N. Therefore, it would have been obvious for an artisan at the time of the invention to provide comparisons of M securities to N securities via a representative portfolio of N securities because an artisan at the time of the invention would have recognized such a comparison as an obvious extension to the teachings of Lau to evaluate spread differences and trading performance. Thus such a modification would have been an obvious expedient well within the ordinary skill in the art.

Furthermore, Lau discloses calculating the mean of each variable within the respective portfolios and ranking the stocks within the portfolios, but does not disclose wherein the *weight* of each security in the first portfolio is substantially similar to the securities corresponding weight in the second portfolio, divided by the combined weight of the first portfolio within the second portfolio. O'Shaughnessy discloses a method by which stocks are equally weighted within their respective portfolios (see O'Shaughnessy, at least col. 2, ll. 35-52). Since Lau ranks each of the securities within the respective portfolios and also calculates a mean of them (see Lau, pages 581 and 582) it would have been obvious for an artisan at the time of the invention of Lau to integrate a weighting factor, as disclosed by O'Shaughnessy, into one of the calculations provided by of Lau because an artisan at the time of the invention would have recognized that providing a distinction (by weight) between the securities as either an art recognized equivalent to the ranking of securities provided by Lau or as constituting an alternative means of providing distinctions between securities that would be well within the ordinary skill in the art.

In claim 4, Lau discloses that the first and second instruments are both traded on the same (Chicago Stock Exchange--CSE) Market (see Lau Abstract and Introduction).

Re claim 7:

It would have been obvious for an artisan of ordinary skill in at the time of the invention to employ various sectors that are within exchanges to take advantage of certain features that reside within those sectors such as low volatility and high volume. Thus to employ the various sectors would be considered an obvious extension to the teachings of Lau to compare spread and trading performance.

Re claims 8 and 9:

Trading volumes are based upon the total number of securities traded in a particular period. Lau shows the size being the number of shares per trade, number of trades and the average price for the month. It would of therefore been obvious for an artisan at the time of the invention Lau to be motivated to provide trading volumes and price fluctuations as pertinent information related to the Dollar spread and volatility of various securities. Such information would be considered obvious pertinent extensions of Lau's disclosure of trading performance.

3. Claims 5, 15 and 17-24 and rejected under 35 U.S.C. 103(a) as being unpatentable over Lau et al, "Trading of NASDAQ Stocks on the Chicago Stock Exchange", The Journal of Financial Research, Vol. XIX, No. 4, pages 579-584 (Winter 1996) (hereinafter "Lau") as modified by O'Shaughnessy (US 5,978,778) as applied to claim 1 as discussed above, and in further view of Ferstenberg et al (herein after "Ferstenberg", US 5,873,071). The teachings of Lau as modified by O'Shaughnessy have been discussed above.

In claims 5 and 17-24, Lau as modified by O'Shaughnessy fail to teach the first and second financial instruments are both traded on the American Stock Exchange (AMEX) or that the index is Standard & Poor's 100 (S&P 500).

Ferstenberg teaches financial instruments (stocks and options) traded on a variety of exchanges/indices (see Fernstenberg, col. 1, ll. 25+). It would have been obvious for an artisan of ordinary skill at the time the invention was made to employ the teaching of Ferstenberg by the substitution of anyone of the exchanges for the CSE disclosed by Lau because the exchanges/indices are art recognized equivalents in as much as the exchanges allow various securities to be traded on them. Thus an artisan of ordinary skill in the art would have recognized the similarities between exchanges and have sought to use one of the exchanges as an obvious extension to the teachings of Lau to create greater use of the invention. Thus to substitute one exchange for the another would have been obvious.

In claim 15, Lau fails to disclose a step of receiving an first offer to sell and first financial instrument; a step of receiving a second offer to buy the first financial instrument; and matching first and second offers. Ferstenberg discloses a step of receiving an first offer to sell and first financial instrument; a step of receiving a second offer to buy the first financial instrument; and matching first and second offers (see col. 3, ll. 42+). Since Lau discloses an invention for stock "trading", inherently buy and selling of securities, it would have been obvious for an artisan of ordinary skill at the time of the invention to integrate the buying, selling and matching of the trade aspect of Ferstenberg's invention because an artisan at the time of the invention would recognize that these notoriously old and well known features would be desirable for trading of securities over an exchange. Thus such a modification of Lau by Ferstenberg would constitute an obvious expedient well within the ordinary skill of the art.

2. Claim 10 is rejected under 35 U.S.C. 103(a) as being unpatentable over Lau in view of O'Shaughnessy and In re Harza, 124 USPQ 378, 380; 274 F.2d 669 (CCPA).

In claim 10, Lau discloses all limitations presented in the claim with the exception of disclosing a first *set* or portfolios and wherein the weight of each security in any one of the first set of portfolios C_j is substantially similar to that security's corresponding weight in the second portfolio, divided by the combined weight of C_j within the second portfolio.

The disclosure of a set of portfolios is not seen as patentable because it constitutes a mere duplication of parts (see In re Harza), which have no unexpected results, than that disclosed and practiced in a first portfolio presented in Lau's invention.

Furthermore Lau does not disclose wherein the *weight* of each security in any one of the first portfolios is substantially similar to the securities corresponding weight in the second portfolio, divided by the combined weight of the first portfolio within the second portfolio. O'Shaughnessy discloses a method by which stocks are equally weighted within their respective portfolios (see O'Shaughnessy, at least col. 2, ll. 35-52). As mentioned previously in regards to claims 1 and 6, it would have been obvious for an artisan at the time of the invention of Lau to integrate a weighting factor, as disclosed by O'Shaughnessy, into one of the calculations provided by of Lau because providing a distinction (by weight) between the securities are art recognized equivalents to the ranking of securities provided by Lau and constitute an alternative means of providing distinctions between securities.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Daniel S Felten whose telephone number is (703) 305-0724. The examiner can normally be reached on Flex.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

DSF
May 11, 2004

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